

2 NOV 1976

MEMORANDUM FOR: Director of Training

STATINTL

FROM : [REDACTED]
Chief, Audit Staff, O/IG

STATINTL

SUBJECT : [REDACTED] Audit Report,
1 May 1975 - 31 May 1976

REFERENCE : Memo for C/AS from DTR, dated 31 October 1976
(OTR 76-6738) same subject

1. At your request we have reconsidered our recommendation that the inventory of the GSI Sales Store be valued at cost rather than retail. After our review, we remain of the opinion that the inventory should be valued at cost. Normally inventories are valued at cost determined on a first-in first-out basis. Therefore your inventory items should be valued at the unit cost of your last purchase.

2. Our review of the Sales Store Quarterly Report for the quarter ending 30 June 1976 found an unexplained difference between the total debits and total credits on the GSI Manager's report. We also found that the sales per the stock control sheets total \$21,428.81 while the cash collections from sales were reported as \$20,958.10.

3. There is apparently some confusion in computing the percentage of gross profit. For the quarter ended 30 June 1976 we have three versions as follows:

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[REDACTED] Finance	15.7%
GSI Manager	14.88%
Audit	13.6%

Normally the percentage of gross profit is reported as a percentage of sales.

4. We appreciate your thorough reply to our audit report. If you have problems changing to a cost basis inventory we will be glad to provide assistance.

Orig - DTR
1 - D/FIN
1 - [REDACTED]

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